

## Message Text

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PAGE 01 BRASIL 05550 061600Z  
ACTION OES-07

INFO OCT-01 ARA-10 ISO-00 ACDA-07 CIAE-00 INR-07 IO-13  
L-03 NSAE-00 NSC-05 EB-07 NRC-05 FEAE-00 DODE-00  
ERDA-05 SS-15 SP-02 PM-04 OMB-01 TRSE-00 /092 W  
-----071830 061619Z /43

P R 061500Z JUL 77  
FM AMEMBASSY BRASILIA  
TO SECSTATE WASHDC PRIORITY 2592  
INFO AMCONSUL RIO DE JANEIRO

LIMITED OFFICIAL USE BRASILIA 5550

EO 11652 NA  
TAGS TECH ENRG BR  
SUBJECT: BRAZIL'S REQUEST FOR HIGHLY ENRICHED URANIUM (HEU)  
AND CURRENT INVOLUNTARY BANKRUPTCY PROCEEDINGS AGAINST USNC

REF: STATE 152144

1. AT EMBASSY REQUEST, RIO CONGEN OFFICER MET WITH CNEN PRESIDENT, HERVASIO GUIMARAES DE CARVALHO, AFTERNOON JULY 1, 1977, TO PASS RECOMMENDATIONS AND INFORMATION REGARDING USNC CONTAINED REFTEL. CARVALHO EXPRESSED CONCERN OVER BANKRUPTCY PROCEEDINGS AGAINST USNC, IN PARTICULAR SITUATION REGARDING US\$148,117.50 WHICH CNEN HAS "IN TRUST" AT PARK NATIONAL BANK IN TENNESSEE. CARVALHO, HOWEVER, SAID CNEN WAS MUCH MORE CONCERNED WITH FUEL ELEMENTS FOR IEAR-1 RESEARCH REACTOR IN SAO PAULO. HE SAID MONEY WAS SECONDARY IN THIS CASE AND EMPHASIZED HIS DESIRE TO PRIVENT SHUT-DOWN OF IEAR-1 DUE TO POSSIBLE FUEL ELEMENT DELAY.

2. CARVALHO TOLD CONGEN OFFICER HE HAD SPOKEN WITH MR L. MANNING MUNTZING (FORMERLY WITH AEC AND SPEAKER AT RECENT IAEA-SPONSORED WORKSHOP ON NUCLEAR LAW HELD IN RIO FROM JUNE 27 THROUGH JULY 1  
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-- SEE SEPTTEL) REGARDING USNC - U S NUCLEAR CORPORATION.  
ACCORDING TO CARVALHO, MUNTZING HAD EXPLAINED THAT BANKRPUTCY PROCEEDINGS AGAINST USNC HAD BEEN THE RESULT OF A PETITION BY ERDA. ADDITIONALLY, USNC WAS INITIATING A SUIT AGAINST ERDA FOR "BREAKING" A LARGE CONTRACT WITH USNC AND TRANSFERRING IT TO A TEXAS INSTRUMENTS SUBSIDIARY. IT WAS CARVALHO'S UNDERSTANDING FROM MUNTZING THAT THE CONTRACT TRANSFER WAS THE

REASON FOR USNC'S FINANCIAL SITUATION, AND THE ENSUING INVOLUNTARY BANKRUPTCY PROCEEDINGS.

3. IT WAS ALSO CARVALHO'S UNDERSTANDING THAT USNC WAS ONLY ONE OF EIGHT COMPANIES WHICH HAVE OR ARE IN THE PROCESS OF GOING BANKRUPT. HE CLAIMED THERE WAS PRESENTLY NO COMPANY IN THE UNITED STATES WHICH COULD FABRICATE THE PARTICULAR TYPE OF HEU FUEL ELEMENTS FOR THE IEAR-1 REACTOR. CARVALHO ENDED THE MEETING WITH A STRONG EXPRESSION OF HOPE THAT THE PROBLEMS WITH USNC AND THE QUESTION OF FUEL ELEMENTS COULD BE RESOLVED IN THE VERY NEAR FUTURE.

JOHNSON

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01-Jan-1994 12:00:00 am  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** URANIUM, BUSINESS LOSSES, NUCLEAR FUELS  
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**Decaption Date:** 01-Jan-1960 12:00:00 am  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 22 May 2009  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
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**Document Number:** 1977BRASIL05550  
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**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Expiration:**  
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**Office:** ACTION OES  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
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**Page Count:** 2  
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**Status:** NATIVE  
**Subject:** BRAZIL'S REQUEST FOR HIGHLY ENRICHED URANIUM (HEU) AND CURRENT INVOLUNTARY BANKRUPTCY PROCEEDINGS AGAINST USNC  
**TAGS:** TECH, ENRG, EINV, BR, US, USNC  
**To:** STATE  
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**Review Markings:**  
Margaret P. Grafeld  
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